(b) and (c) Do not arise.

MOU between State Street Bank of USA and UTI

1989. DR. GOPALRAO VITHALRAO PATIL: Will the Minister of FINANCE be pleased to state:

(a) whether some Memorandum of Understanding has been signed between State Street Bank of USA and UTI;

(b) if so, the details thereof with terms of such MOU;

(c) whether people will be benefited with such MOU; and

(d) if so, details thereof and if not, reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) Yes Sir.

(b) Under the Memorandum of Understanding, UTI and the State Street Bank (SSB) of USA have agreed, in principle, to collaborate for provision of fund accounting services in India. For this purpose, a joint venture company between UTI and SSB will be set up. While SSB will provide operational know-how and access to appropriate technology, UTI will provide staff and business of fund accounting work related to UTI schemes. The proposed company is expected to have an initial capital of Rs. 25 crores with 80% equity by UTI and 20% by SSB.

(c) and (d) The MOU for fund accounting is expected to benefit UTI and investors in various UTI schemes and fund accounting work will be done with the help of latest technology. The benefits will come in the form of greater accuracy and higher frequency in the calculation of Net Asset Value (NAV) of the schemes. This will help the UTI declare Net Asset Values of schemes at shorter time intervals than is possible at present.

Illegal Investment of Air India Fund

1990. SHRI VIREN J. SHAH:
SHRI V. NARAYANASAMY:
SHRI PRAMOD MAHAJAN:
SHRI DIGVIJAY SINGH:

Will the Minister of CIVIL AVIATION AND TOURISM be pleased to state:

(a) whether the Central Bureau of Investigation (CBI) has registered a scam-related case against Air India's former acting Chairman-cum-Managing Director and others for illegal investment of Rs. 94 crores out of the company's fund in unauthorised institutions, forward transactions in 1991-92;

(b) if so, the details thereof;

(c) what is the break-up of illegal investments made by Air India from 1991-92 to 1994-95 and so far in 1995 and whether Air India's fund were deployed without any guarantee; if so, the details thereof; and

(d) what precautionary measures were taken by Air India authorities to check such fradulent transactions in future?

THE MINISTER OF CIVIL AVIATION AND TOURISM (SHRI GHULAM NABI AZAD): (a) to (c) The Central Bureau of Investigation (CBI) have registered a case on 28.4.1995 against Air India's former acting Chairman-cum-Managing Director and others for irregularities in the investments made by Air India in the City Bank and other financial institutions. The investigation report of CBI is awaited.

(d) A special audit was done for investments made from April, 1991. Air India is following the systems and procedures recommended by the special audit as well as the fresh guidelines issued by the Government for investment of funds by PSUs.